

What in the World is Flipping?

by Ted Boyer, Division Director, Utah Division of Real Estate
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At a recent meeting of the Association of Appraiser Regulatory Officials, Jerry R. Jolly, Acting Director of the California Office of Real Estate Appraisers, John S. Brennen, Chief of Licensing and Enforcement for California and Larry Disney, Chief Investigator for the Kentucky Real Estate Appraisers Board presented an excellent and informative program on flipping.

A flip was defined as "A fraudulent real estate transaction, where a property is bought, then sold again at a greatly exaggerated price." Additional definitions are: "In flipping schemes, properties are quickly bought and sold and the value of the property is artificially inflated through the use of improper appraisals. Flipping schemes are characterized by non-arms length transactions between business partners." (Star Tribune, Minneapolis, Mn.); "The flipping scheme involves legitimate initial purchases of (property), followed quickly by non-arms' length sales at inflated values to related or affiliated parties associated with the initial purchase." (The Commercial Appeal, Memphis, Tn.)

To illustrate their point, the presenters used actual sales histories of flipped properties. One sales history looked like this:

07/19/96	REO* purchase	\$262,000
10/21/97	List price	\$385,000
01/22/98	Amended list price	\$375,000
05/02/98	Purchase contract	\$370,000
07/27/98	Closed escrow	\$370,000
08/18/98	List price	\$625,000
08/31/98	Purchase contract	\$622,000

09/04/98	Appraisal	\$622,000
12/03/98	Closed escrow	\$622,000
12/03/98	Trust deed	\$495,000

(*REO is a term used by lenders to describe real property involuntarily acquired by them through foreclosure. Lenders often use brokers to market their REO properties.)

You might ask, "How can they do this?" Actually, a number of techniques are used, each of which involves a fraudulent appraisal. Typically, a straw buyer poses as the real buyer, preferably someone with good credit. After the final flip, the straw buyer is either paid a flat fee or shares in the excess proceeds of the purchase money mortgage. Occasionally, the straw buyer

(con't on page 2)

In This Issue...	
What is Flipping	1
Missouri's "No-Call" List	3
Continuing Education Audits	3
Auditor's Corner	3
Audit Guidelines.....	4
Frequently Asked Questions.....	7
2001 Holiday Schedule.....	8
Commission Meeting Schedule.....	8
Missouri Real Estate Commission's Website	9
Disciplinary Actions	9

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pretends to be someone else after stealing that person's identity. Sometimes the flip is an "inside job" with the escrow, title, or mortgage company manipulating the transaction. Frequently, the subject property is located in an area of moderately priced homes with pockets of higher priced homes, facilitating the availability of higher comparable sales information near the subject.

The common thread in all of these techniques is the involvement of an appraiser. Sometimes the appraiser is complicit.

On occasion, a forged appraisal is used. Sometimes an innocent appraiser is duped into participating in the fraud. For example, the appraiser may lack geographic competency. Or, the client may offer an exorbitant fee for a rush job for which the client furnishes comparable sales information to support the pushed value conclusion. Sometimes the appraiser is motivated by the promise of future work to look for comparable sales information that supports the value sought rather than the actual value of the property.

The purpose of this article is not to teach people how to participate in fraudulent flipping, but rather, to make you aware of the problems and temptations in the market place and to help you recognize a problem when you see it. If you are suspicious about a transaction, ask yourself the following questions:

- * Is the sales price significantly higher than the list price?
- * Is the appraised value in line with recent comparable sales in the neighborhood?
- * Has the home sold recently for a significantly lower price?
- * Is the subject home located in an area of moderately priced homes with pockets of higher priced homes and overvalued?
- * Is the home being transferred among related or affiliated parties?
- * Has the property traded several times within a short period of time?

It is still perfectly legal to buy a property at a good price and resell it at a profit. It is only when elements of fraud enter the picture that people get in trouble and cause trouble for others.

Missouri's "No-Call" List

Effective July 1, 2001, the Missouri Attorney General's office will be enforcing the "No Call" list. This is a listing of Missourians who registered with the Attorney General's office indicating they did not want telemarketers contacting them at their home, and the law prohibits telemarketers from contacting people on this list. Information about the No Call list can be obtained from the Missouri Attorney General's website, which is www.ago.state.mo.us, or by calling toll free 866/289-9633.

The law exempts some telemarketers, but at the present time it is not clear whether licensed real estate professionals conducting cold-calling are exempt.

Therefore, it is the suggestion of this office that you consult your attorney regarding this law prior to conducting any cold-calling after July 1, 2001.

Continuing Education Audits

On your last renewal you answered a question attesting to the fact that you had or had not completed the continuing education requirements to renew your license. Subsequent to the renewal periods, random samplings were pulled from both brokers and salespeople, and those individuals were requested to submit their continuing education certificates.

In an effort to expand the verification samplings, in April 2001, this office implemented the procedure of requiring licensees who were the subject of a complaint to submit their continuing education certificates. Also, when a brokerage is selected for a compliance audit, some or all of the licensees associated with that brokerage may be required to submit their certificates.

Auditor's Corner

The following information was compiled by the auditing staff as a reminder/refreshers of information that licensees may find useful. Included are several violations that are frequently noted during an audit.

1. Effective 7/30/00, both the listing agent and selling agent must disclose their respective

relationship on the contract.

2. Brokers may store files on magnetic tape or disk but must be able to retrieve all documents requested during an audit at no cost to the Commission and in a timely manner.
3. The Commission must be notified within 15 days of changes to the sales and management escrow accounts. Due to bank mergers, the bank name and account numbers usually change, therefore the Commission must be notified.
4. All accounts used for property management, holding the funds of others, regardless of how the account is titled, must be registered with the Commission.
5. When broker funds are maintained in the escrow account to cover bank charges, the broker must keep sufficient records to substantiate the amount retained at any given time. The maximum amount of broker funds allowed in the escrow account is \$500.00.
6. Brokers who allow their agents to enter into service agreements (i.e. listings, buyer agency agreements, management agreements, etc.) must give the authorization in writing. There is no required format or form. Many designated brokers give this written authorization within the office policy or include it in independent contractor agreements. The written authorization can be for a specific licensee, multiple licensees or all licensees. The broker may limit the authorization for licensees to enter into only certain types of agreements.
7. When a document is faxed, each page of the document must be faxed and retained.
8. Closing funds can't be deposited into the escrow account prior to closing unless written authorization has been obtained.
9. Records must be retained for three years after the completion of the transaction. Generally, this means three full years after the expiration, termination or closing.
10. There are different events which can prompt an audit, such as consumer complaints, investigation results, etc. However, most audits are selected at random by a computer.
11. All non-standard forms must be approved by the broker's legal counsel prior to use.
12. All brokers that hold a current license (even if you are not actively engaged in the real estate business), must maintain a written policy on brokerage relationships (339.760.1). The policy must identify and

- describe the relationships offered. A completed Broker Disclosure Form may be designated as the written policy.
13. Brokers that maintain an office in their home or at another location must post a business sign if they have had any activity in the previous year or if they are holding any licenses. Business hours must be posted if they are other than usual business hours.
 14. When a lease is executed, written confirmation of brokerage relationships are required (250-8.096). The written confirmation may be included in the lease or on a separate form.
 15. Effective 7/30/00 management agreement requirements were amended. Refer to 250-8.210 for information which must be included in all management agreements entered into after 7/29/00.
1. Commission not notified of changes to an escrow account.
 2. Fictitious names are not registered with the Secretary of State.
 3. The property was not properly identified on the contract, listing or management agreement.
 4. Payees are not identified on the closing statement.
 5. Related transaction was not contained on check/deposit ticket.
 6. Contract does not specify who is to hold the earnest money.
 7. The earnest money is not held where specified in the contract.
 8. Broker Disclosure Form does not match the brokerage relationship policy.
 9. Broker failed to maintain written policy on brokerage relationships.

Commonly cited violations:

Audit Guidelines

Rev. 04/01

Following are the newly revised guidelines examiners use when an audit is conducted. You may wish to retain a copy for future reference. These may also be found on our website www.ecodev.state.mo.us/pr/.

RECORDS EXAMINERS WILL ASK TO SEE

While the broker must maintain legible copies of all records for a minimum of three years, the list below shows some of the records that the examiner will typically review.

1. All sales and property management escrow accounts and related records.
2. Sales Files - Pending and Closed: All documents may not apply to each file examined. The documents examined will depend on whether the broker being audited represents the listing side, selling side, or both. The contents of the file will also be affected by whether the broker being audited is a seller's agent, buyer's agent, disclosed dual agent, or transaction broker.
 - A. Listing agreement
 - B. Buyer's agency agreement
 - C. Transaction brokerage agreement
 - D. Sale contract, along with any addendums, special agreements, or attachments
 - E. Relationship disclosure
 - F. Closing statement(s)
 - G. All other documents and correspondence related to the transaction
3. Property Management Files
 - A. Property management agreements
 - B. Leases (if executed)
 - C. Owner's statements or ledgers
 - D. Tenant's statements or ledgers
 - E. Paid invoices and or receipts
 - F. Broker Disclosure Form acknowledgements from the landlord and or tenant (if prior to 12/31/98)
4. Continuing Education Certificates of broker and current licensees.

The outline below shows the basic guidelines used by MREC examiners when conducting random audits. The examiners are not required to follow the outline exactly, and may examine more or less than the areas listed. The Commission provides this outline to serve as a guide to licensees as they conduct their business. The Commission does not guarantee that this outline includes each and every statute and regulation that may affect a licensee.

1. Audit Notification
 - A. The licensee will generally be notified by mail that they have been selected for an audit.
 - B. An examiner will contact the licensee by telephone, usually within 30 days, to determine a mutually acceptable time to conduct the examination. An examiner may not be able to accommodate scheduling conflicts.
2. Audit Process
 - A. Business activities and administrative procedures
 - 1) Observe business sign (250-8.010)
 - 2) Examine licenses of brokerage, broker and affiliated licensees (250-8.060)
 - 3) Check for use and registration of fictitious name(s) (250-4.030)
 - 4) If brokerage is an entity, verify that the entity is in good standing with the Secretary of State (339.020, 339.100.2, 250-4.070)
 - 5) Verify business address and telephone number to MREC records (250-4.040)
 - 6) Determine the designated broker (250-4.070)
 - 7) Determine the sales manager (250-8.040)
 - 8) Determine if there are any branch offices (250-8.030)
 - a) Who is the branch manager and how is the manager licensed? (250-8.030)
 - b) What business name is used? (250-8.010 and 250-8.030)
 - 9) Determine if there are any controlled and/or directed business arrangements (250-8.110)
 - 10) The examiner will ask for brokerage statistics

Number of:

 - a) escrow accounts maintained;
 - b) pending contracts;
 - c) closed transactions in the past twelve months;
 - d) current listing agreements;
 - e) current buyer's agency agreements;
 - f) current transaction brokerage agreements;
 - g) management agreements;
 - h) owners and properties;
 - i) leases; and
 - j) units managed.
3. Brokerage Relationships
 - A. Does the brokerage maintain a written policy statement regarding brokerage service relationships? (339.760.1)
 - 1) What types of brokerage service relationships are offered?
 - a) Are relationships identified and described?
 - 2) Is designated agency offered?
 - a) What policy or procedure is in place to ensure confidentiality?
 - 3) Examine Broker Disclosure Form (250-8.097)
 - a) Is the form preprinted?
 - b) Do the choices marked on the preprinted form mirror the written policy statement regarding brokerage service relationships?
 - c) Has the form been modified?
 - 4) Authorization for affiliated licensees to enter into brokerage service agreements on behalf of the broker (339.780.1)
 - a) Has the designated broker provided written authorization for affiliated licensees to enter into these agreements on behalf of the brokerage?

- b) If not, has the broker signed all brokerage service agreements?
 - 5) Subagency (339.780.5)
 - a) Is the brokerage a member of a multiple listing service?
 - b) Are subagency agreements maintained with cooperating brokers?
- 4. Escrow/Trust Account Reconciliation: The examiner will generally examine bank records for all escrow accounts for the twelve months preceding the audit date. However, the examiner may request up to three years of records if necessary.
 - A. Bank statements: Each bank statement should include the corresponding canceled checks in numerical order and the related deposit slips. If the bank returns copies of canceled checks and deposit tickets, these items should be maintained with the bank statements. If the bank does not return canceled checks or deposit tickets, the examiner will ask for copies.
 - B. Check stubs, check register or other records of receipts and disbursements.
 - C. The escrow accounts are reconciled as of the examination date and compared to all liabilities. The accounts are examined for compliance with 339.105, 250-8.120, 250-8.160, and 250-8.220.
 - D. All voided checks are examined. (250-8.160)
 - E. All pending contracts, owner financial statements and security deposit records are examined to determine liabilities to the escrow account(s).
 - F. The examiner may ask to see the brokerage's escrow account reconciliation.
 - G. On property management escrow accounts, the examiner will select a sample of checks paid from the account and examine the corresponding invoices or receipts to verify actual expenses.
- 5. Pending Contract Examination
 - A. The examiner will examine all pending contracts. The corresponding brokerage service agreement(s), contract(s), addendum(s), and relationship disclosure, will also be examined.
 - B. Pending contract files are examined for compliance with 339.100, 339.105, 339.710-.860, 250-8.090, 250-8.096, 250-8.100, 250-8.110, 250-8.120, 250-8.130, 250-8.140, and 250-8.160.
 - C. Pending contracts are used to determine liabilities to the sales escrow account. All funds maintained and disbursed for pending contracts are verified by escrow account records.
- 6. Fall Through/Other Items
 - A. The examiner will examine all other liabilities to the sales escrow account including fall-through contracts, disputed contracts, and closed transactions with funds in escrow. These items are examined for compliance with 339.100, 339.105, 339.710-.860, 250-4.030, 250-8.090, 250-8.096, 250-8.100, 250-8.110, 250-8.120, 250-8.130, 250-8.140, 250-8.150 and 250-8.160.
- 7. Closed Transactions
 - A. The examiner will randomly select closed transactions from the examination period. The corresponding brokerage service agreement(s), contract(s), addendum(s), relationship disclosure, and closing statement(s) will also be examined.
 - B. These closed files are examined for compliance with 339.100, 339.105, 339.150, 339.710-.860, 250-4.030, 250-8.090, 250-8.096, 250-8.100, 250-8.110, 250-8.120, 250-8.130, 250-8.140, 250-8.150 and 250-8.160.
 - C. All funds deposited and/or disbursed for closed transactions are verified to escrow account records.
- 8. Brokerage Service Agreements with Sellers/Lessors (excluding management agreements)
 - A. The examiner will examine current advertising conducted by the brokerage. The examiner will randomly select brokerage service agreements from current print and Internet advertising.
 - B. If no current advertising is maintained, the examiner will randomly select and review listing or transaction brokerage agreements from all the brokerage service agreements with sellers maintained by the brokerage.

- C. Listing files are examined for compliance with 339.710-.860 , 250-8.070, 250-8.090, 250-8.140 and 250-8.160.
- 9. Brokerage Service Agreements with Buyers/Tenants
 - A. The examiner will randomly select buyer's agency and transaction brokerage agreements.
 - B. These agreements will be examined for compliance with 339.710-.860, 250-8.090, 250-8.140 and 250-8.160.
- 10. Management Agreements
 - A. The examiner will examine all current property management agreements. If the brokerage has management agreements which are expired or canceled but were current during the examination period, these agreements may also be examined.
 - B. Management agreements are examined for compliance with 339.710-.860, 250-8.140, 250-8.160, 250-8.200 and 250-8.210.
 - C. The examiner will examine property management records to determine liabilities for funds maintained on behalf of property owners. These funds could include property owner's repair funds, owner's reserve funds, rents collected and not disbursed, prepaid rents, and/or security deposits. These liabilities will be compared to current balances in the property management and/or security deposit escrow account(s).
- 11. Leases
 - A. The examiner will examine a sample of any leases maintained and compare the security deposit liability per the lease to the liability per the brokerage records. If the brokerage does not maintain security deposit liability records or if the brokerage maintains inadequate records, all leases will be examined to obtain security deposit liabilities.
 - B. Written relationship disclosures will be examined on all leases entered into after 9/1/98. (250-8.095 and 250-8.096)
 - C. Leases negotiated on behalf of landlords or tenants may be examined, with corresponding brokerage service agreements, for compliance with 339.710-.860, 250-4.030, 250-8.096 and 250-8.160.

FREQUENTLY ASKED QUESTIONS

1. Q. What happens once the examiner leaves the broker's office?

A. The examiner will prepare a detailed written report and then submit both the audit workpapers and the report to the examination supervisor. Once the supervisor determines no further documentation or clarification is needed, the report is finalized and placed on the Commission's next meeting agenda. The agenda is sent to the Commissioners about two weeks before the meeting. Each audit on the agenda is reviewed at the meeting and the Commission votes on the appropriate action to be taken. Action can range from a letter advising that no violations were noted to revocation of license.



2. Q. How long before the broker hears from the Commission concerning the audit?

A. It varies. Depending on when the audit is completed, whether the examination supervisor requests additional documentation from the examiner, and when the agenda must be prepared and mailed, typically 3 - 5 months will pass before the broker hears from the Commission.

3. Q. How will I know if the problems noted by the examiner are major or minor as compared to other audits?

A. The examiner does not make this determination and will not compare your audit with other audits conducted. The examiner is the fact finder for the Commission. It is the Commission's responsibility to determine whether the items noted in the examination report are significant and warrant pursuit of formal discipline.

4. Q. How should the broker handle an overage or shortage in the escrow account(s)?

A. The broker should identify the source of the overage or shortage and immediately take corrective action.

5. Q. Should the broker immediately start correcting other problems found in the audit?

A. It depends. While the examiner typically goes over the noted violations at the end of the fieldwork, because the audit is not considered complete until reviewed by the Commission, the final report may differ slightly from the exit interview between the examiner and broker. Therefore, the broker must decide if the issues discussed warrant immediate action and if new procedures should be implemented to ensure future compliance.

While the examiner may be able to give suggestions for future compliance, the examiner will not give specific instruction or demand that actions be taken. This is not within the scope of the examiner's duties or powers.

2001 Holiday Schedule

The Missouri Real Estate Commission will be closed on these State of Missouri holidays:

Holidays	Dates in 2001
Memorial Day	May 28
Independence Day	July 4
Labor Day	September 3
Columbus Day	October 8
Veterans Day	November 12
Thanksgiving Day	November 22
Christmas Day	December 25

Commission Meeting Schedule

Licensees and members of the public are invited to attend the open session of any meeting. Dates and locations are listed below. If you would like to appear, please contact our office at 573-751-2628.

Wednesday	May 30	St. Louis
Wednesday	August 1	Springfield
Friday	September 28	Branson
Wednesday	November 28	Kansas City

Missouri Real Estate Commission's Website

The Commission's website is a valuable information source. You may find that a few clicks of your mouse will save you from having to call the Commission. (Plus it's available 24 hours a day.)

The Commission's site is built within the Division of Professional Registration's site. The address to the Division's website is www.ecodev.state.mo.us/pr/. Once you reach the Division's page, select "Regulated Professions" and then choose "Real Estate Agents, Brokers." You will find such things as previous newsletters, application and complaint forms, approved education providers, and exam and licensing information. Please note that in order to

access some of this information, you must first download the Acrobat Reader. Download instructions are found on the Division's web page.

Also, a new feature that you will find at the Division's site is "PR Downloadable Professional Listings" and a "Licensee Search". These tools will allow you to verify the licensure of any currently licensed professional who is licensed under the Missouri Division of Professional Registration.

Clip and save to make use of this convenient resource.

Disciplinary Actions

Abufakher, Romel M.
Overland Park, KS

By order of the MREC, Abufakher's salesperson license was revoked effective April 19, 2001.

Violations: 339.100.2 (15) and (17), RSMo

On September 21, 1999, Abufakher intentionally, and with premeditation, shot and killed his wife. He was subsequently convicted of first degree murder.

Bass, Thomas W.
Phoenix, AZ

By order of the MREC, Mr. Bass's broker license was revoked on June 19, 2000.

Violations: 339.100.2 (14), RSMo and 4 CSR 250-8.170 (1)

Bass failed to respond in writing within 30 days of the MREC's inquiry.

Bates, Rodney Alan
St. Louis, MO

By order of the MREC, Bates was issued a probated real estate salesperson license on

August 18, 2000. The license will remain on probation until he successfully completes his criminal probation and provides evidence of release.

Violation: 339.100.2 (15), (17) and (18), RSMo

On or about December 4, 1997, Bates entered a plea of guilty and was convicted of felony possession of marijuana.

Behrens, Mary Margaret
St. Louis, MO

By Settlement Agreement with the MREC, Behrens' license was placed on probation for two years from January 25, 2001, to January 25, 2003.

Violations: 339.100.2 (2) and (18), RSMo

Behrens was the listing agent in a transaction. Behrens failed to provide the buyer or buyer's agent a complete copy of the termite inspection report. The portion of the report Behrens failed to provide the buyer and/or their agent identified termite damage to an unattached shed on the property being sold.

Castelli, June J.
St. Louis, MO

By Settlement Agreement with the MREC, Castelli's license was placed on probation for two years from July 20, 2000 to July 20, 2002.

Violations: 339.100.2 (18), RSMo 1994

Castelli, acting as a seller's agent, failed to disclose an adverse material fact to a buyer. Castelli knew the property in question had been inspected by the city, and that violations were found. She failed to advise the buyer of these violations until after the closing had been completed. Castelli was aware of the code violations prior to closing and knew, or should have known, that they were an adverse material fact.

Carter, Christopher W.
Lee's Summit, MO

By Settlement Agreement with the MREC, Carter's license was placed on probation for two years from October 26, 2000 to October 26, 2002.

Violations: 339.100.2 (2), (14) and (18), RSMo and 4 CSR 250-8.100 (1) and (2)

Carter acted as a buyer's agent in a transaction and failed to uphold his obligations of the buyer's agency agreement. Carter did not understand that he was to draft a contract for the buyer, which resulted in a one month delay. After submitting the offer to the seller, Carter led the buyer to believe there was a money problem with the contract, thus causing a delay in its acceptance. The delay was actually caused by Carter demanding the seller to increase the commission to be paid. Carter failed to advise the buyer that the delay in the acceptance of the offer was his unwillingness to accept the commission.

Dittmer, David A.
Higginsville, MO

By Settlement Agreement with the MREC, Dittmer's license was placed on probation for one year from January 31, 2001 to January 31, 2002.

Violations: 339.100.2 (3), (14) and (18), RSMo

An audit of Dittmer's real estate records revealed the following violations: 1) the fictitious name of Dittmer and Company was not registered; 2) Dittmer did not have a written agency policy; 3) the escrow account was incorrectly registered with the MREC; 4) an identified overage of \$25.48 was found in the escrow account; 5) did not indicate the related transaction on either the check or in the check register; 6) agency relationship was not properly disclosed to the parties of a transaction; 7) failed to retain a complete copy of the settlement statement; 8) the property was not properly identified on the sale contract; 9) Dittmer completed a standard form real estate sale contract for a transaction that he was not involved in as an agent and charged a fee for completing the form; and 10) Dittmer failed to sign the closing statements on two transactions.

Dreiling, Jesse
Kansas City, MO

By order of the MREC, Dreiling was issued a probated real estate salesperson license on August 18, 2000. The license will remain on probation to August 18, 2001.

Violations: 339.100.2 (15), (17) and (18), RSMo

On or about May 20, 1992, Dreiling entered a plea of guilty and on July 15, 1992 was adjudged guilty of two counts of burglary in the second degree. On October 22, 1993, Dreiling entered a plea of guilty, and was granted a suspended imposition of sentence of one count of menacing.

Hagan, Daniel R.
Kirksville, MO

By MREC order, Hagan was issued a probated license on October 24, 2000. The license is to be on probation for a period of five years, or earlier if Hagan submits evidence that he has successfully completed his criminal probation.

Violations: 339.100.2 (15), (17) and (18), RSMo

On or about February 14, 2000, Hagan pled guilty to one count of possession of a controlled substance.

Harmon, Roderick J.
Kansas City, MO

By order of the MREC, Harmon was issued a probated license on March 8, 2001. Harmon's license will be on probation for two years, until March 8, 2003.

Violations: 339.100.2 (15), (17) and (18), RSMo

In July 1992 Harmon pled guilty to and was convicted of robbery and possession of cocaine base.

Hayden, Mary T.
Lee's Summit, MO

By Settlement Agreement with the MREC, Hayden's license was placed on probation for one year from November 7, 2000 to November 7, 2001.

Violations: 339.100.2 (18), RSMo

Hayden was a buyer's agent in a transaction. The contract required the seller to prepare and provide the buyer with a seller's disclosure statement. The disclosure statement was not prepared and received from the seller until two weeks after the transaction had closed. The disclosure statement indicated the property had experienced drainage problems prior to the closing. Hayden failed to obtain the seller's disclosure statement or, alternatively, written consent from the buyer to proceed with closing without this contractual obligation being met by the seller.

Howard, Michael A.
St. Charles, MO

By order of the MREC, Mr. Howard was issued a probated real estate salesperson license on June 9, 2000. This probation is to run concurrent with his criminal probation.

Violations: 339.100.2 (15), (17) and (18), RSMo

On July 2, 1992, Mr. Howard pled guilty to two counts of distribution, delivery and manufacture of a controlled substance.

Pioneer Properties, Inc.
Hubbard, Christopher S.
Raytown, MO

By Joint Stipulation with the MREC, the licenses of Pioneer Properties Inc. and Hubbard are suspended for one year starting December 12, 2000 to December 12, 2001, followed by two years probation starting December 12, 2001 to December 12, 2004.

Violations: 339.100.2 (2), (3), (14), (15) and (18), RSMo

Hubbard, through Pioneer Properties Inc., assisted a client to purchase approximately 13 investment properties. Hubbard managed these properties as well as some he owned. Hubbard did not keep records distinguishing the labor performed on his properties from the client's properties. Hubbard paid expenses for his properties from the client's funds. Hubbard misrepresented the labor hours worked on the client's properties. He billed all or part of the labor costs of his properties to the client. Hubbard also billed the cost of some of the materials used on his own properties to the client.

Jenkins, Charles E.
Kansas City, MO

By Joint Stipulation with the MREC, Jenkins' license was placed on probation for three years, from September 13, 2000 to September 13, 2003.

Violations: 339.100.2 (2), (3), (14) and (18), 339.105.1, .2 and .3, RSMo, 4 CSR 250-8.160, 250-8.200 (1), 250-8.210 (1) and (2), and 250-8.220 (3).

An audit was conducted on Jenkins' business records and the following violations were found: 1) the MREC was not notified within fifteen days of a change in an escrow account; 2) a shortage of \$3,125.09 in the property management account, which Jenkins corrected; 3) the management agreements did not specify when the management fee would be paid; 4) copies of the management agreements were not maintained; 5) improper and/or over charges were made to the owners for repairs and bills; 6) improper charging and/or returning of pet deposits; and 7) all security deposits were not properly deposited.

Kassel, Jeffrey
St. Louis, MO

By order of the MREC, Kassel was issued a probated real estate salesperson license on August 18, 2000. The license will remain on probation to August 18, 2001.

Violations: 339.100.2 (15), (17) and (18), RSMo

On or about August 5, 1988, Kassel entered a plea of guilty to the class C felony of stealing.

Kupfer, Robert G.
Camdenton, MO

By Joint Stipulation with the MREC, Kupfer's licenses were placed on probation on July 10, 2000, and will remain on probation until completion of his criminal probation, or until August 23, 2003, whichever is earlier.

Violations: 339.100.2 (17), RSMo

On or around August 24, 1999, Kupfer pled guilty to violating 26 U.S.C. § 7201 in the United States District Court for the Western District of Missouri. He willfully attempted to evade the federal income tax due and owed by him for the 1993 tax year by filing a false or fraudulent tax return.

LaHue, Ronald
Leawood KS

By Joint Stipulation with the MREC, LaHue was issued a probated license on January 19, 2001. The license will remain on probation for five years, to January 19, 2006, and is restricted to being associated with J C Nichols Residential Inc.

Violations: 339.100.2 (17) and (18), RSMo

On or about October 29, 1999, LaHue was found guilty of one count of conspiracy and three counts of soliciting and receiving illegal remuneration and aiding and abetting in the U.S. District Court for the District of Kansas. The conduct, which resulted in LaHue's conviction, occurred in the course and scope of his medical practice.

Liles, Anna E.
Pacific, MO

By order of the MREC, Liles' license was revoked on August 26, 2000.

Violations: 339.100.2 (14), 339.105.1 and .2, 339.760.1, RSMo and 4 CSR 250-8.170 (1)

An audit was conducted on Liles' business records. The audit revealed the following violations: 1) Liles failed to advise the MREC of a change in her escrow account; 2) Liles failed to maintain an escrow account; 3) Liles failed to maintain a written office policy identifying the company's agency relationships; and 4) Liles failed to respond to multiple letters sent to her by MREC staff.

Livingston, Jon
Columbia, MO

By order of the MREC, Livingston was issued a probated license on March 8, 2001. The license will remain on probation for three years, to March 8, 2004.

Violations: 339.100.2 (15), (17) and (18), RSMo

In May 1992, Livingston was convicted of misdemeanor driving while intoxicated. In February 1994, he was convicted of felony driving while intoxicated. In November 1995, Livingston's criminal probation was revoked based upon his use of intoxicants. Livingston has appealed the probation license order.

McAllister, Bill
Trenton, MO

By Joint Stipulation with the MREC, McAllister's license was suspended for one year from October 14, 2000 to October 14, 2001, followed by three years probation from October 14, 2001 to October 14, 2004.

Violations: 339.100.2 (11), (14), (15) and (18), RSMo

McAllister, a salesperson, operated a real estate company without a broker license. He prepared a listing agreement, which did not conform to the regulations. He also accepted a commission check directly from a buyer.

Minks, Rodney G.
St. Clair, MO

By order of the MREC, Mr. Minks' broker license was revoked April 23, 2000.

Violations: 339.100.2 (14), RSMo

Mr. Minks failed to respond in writing, and within thirty days, to correspondence mailed to his address currently registered with the Commission.

Morris, Lisa A.
St. Charles, MO

By order of the MREC, Morris was issued a probated real estate salesperson license on August 18, 2000. The license will remain on probation to August 18, 2002.

Violations: 339.100.2 (15), (17) and (18), RSMo

On or about September 7, 1993, Morris entered a plea of guilty to one count of a class C felony of involuntary manslaughter and four counts of a class C felony of assault in the second degree.

Plasko, Richard J.
St. Peters, MO

By order of the MREC, Plasko's license was suspended for two years beginning December 30, 2000 to December 30, 2002. However, the suspension was stayed and Plasko's license was placed on probation from December 30, 2000 to August 1, 2005.

Violations: 339.100.2 (1), (2), (3), (15) and (18), RSMo

Plasko was given a commission check from his broker that was made payable to another licensee. Plasko misappropriated the check by forging the name of the payee, endorsing the check to himself, and cashing it.

Rasmuson, Bill
Scott City, MO

By order of the MREC, Rasmuson's broker license was revoked effective December 30, 2000.

Violations: 339.100.2 (14), RSMo and 4 CSR 250-8.170 (1)

Rasmuson failed to respond within thirty days of receipt of three written requests from MREC staff.

Riebold, Hubert A.
Springfield, MO

By order of the MREC, Mr. Riebold's current two-year probation, which was scheduled to terminate on December 25, 2000, was extended to December 31, 2001.

On June 10, 1998 Mr. Riebold and the MREC entered into a Settlement Agreement that suspended Mr. Riebold's broker-officer license for six months followed by two years probation. Mr. Riebold violated the terms of the Settlement Agreement by conducting real estate activity while his broker-officer license was suspended.

The Riebold Company
Springfield, MO

By Settlement Agreement with the MREC, the license of The Riebold Company was placed on probation for one year beginning April 27, 2000 to April 27, 2001.

Violations: 339.100.2 (6), (14), (18) and (22), RSMo 1994

The designated broker and/or agents of The Riebold Company committed the following violations: 1) provided false and/or misleading information to the MREC for the purpose of renewing the corporate license; 2) failed to notify the MREC with ten days of a change in the corporation's status with the Secretary of State; 3) failed to timely notify the MREC of a change in the company's sales escrow account; 4) failed to register the company's property management escrow account within 15 days; 5) failed to provide a buyer with a written broker disclosure form; 6) failed to disclose his agency relationship in writing to the parties of a transaction; 7) allowed an agent to fail to disclose his license status in writing to the seller; 8) failed to ensure that all buyers to the transaction signed and/or initialed a contract addendum; 9) a temporary overage as written authorization to

hold funds for another had not been obtained; 10) failed to specify in a contract or by other written authorization who was to hold the earnest money; 11) failed to specify the licensee's duties and responsibilities in the written agency agreement; 12) failed to include a description of the property sought in the written agency agreement; 13) engaged in unlicensed practice of real estate; and 14) failed to ensure a lease was signed by the tenant and the broker.

Shorney, Sharon S.

Lee's Summit, MO

By Settlement Agreement with the MREC, Shorney's license was placed on probation for one year from October 17, 2000 to October 17, 2001.

Violations: 339.100.2 (2) and (18), RSMo

Shorney was the listing agent in a transaction. The contract required the seller to provide the buyer with a seller's disclosure statement. The seller did not complete and submit the disclosure statement until the day of closing. Shorney did not provide the buyer or buyer's agent with the seller's disclosure statement as required by the contract.

Siegfried, Russell L.

aka Loren DeLotell

Lake St. Louis, MO

By Settlement Agreement with the MREC, Mr. Siegfried's license was placed on probation for one year from May 9, 2000 to May 9, 2001.

Violations: 339.100.2 (10) and (17), RSMo

Mr. Siegfried applied for a real estate salesperson license on or about March 27, 1995. He failed to disclose on his application that on or about January 6, 1986, he pled guilty to one count of delivery of cocaine and one count of conspiracy to traffic cocaine, and that on or about October 27, 1987 he pled nolo contendere to two counts of battery. Both convictions/pleadings were from the Circuit Court of Hillsborough County, Florida.

Stone, Joseph G.

Hazelwood, MO

By order of the MREC, Stone was issued a probated real estate salesperson license on August 18, 2000. The license will remain on probation to August 18, 2002.

Violations: 339.100.2 (15), (17) and (18), RSMo

On or about July 23, 1990 Stone entered a plea of guilty and on February 22, 1991, was adjudged guilty for two counts of Class C Felony Burglary in the second degree. On or about October 22, 1990, Stone entered a plea of guilty and on or about February 22, 1991, was adjudged guilty for the crimes of tampering in the first degree, leaving the scene of an accident, and resisting arrest. On or about February 22, 1991, Stone entered a plea of guilty and was adjudged guilty on two counts for the crime of Class C Felony Stealing; Class C Felony Receiving Stolen Property; Class D Felony Attempted Stealing and Class C Felony Stealing. On September 22, 1993, Stone was charged with resisting arrest and pled guilty on January 10, 1994.

Texan Ventures Inc.

Smith, Darlene A.

St. Charles, MO

By order of the MREC, the licenses of Texan Ventures Inc. and Smith were revoked on March 3, 2001.

Violation: 339.100.2 (14), RSMo and 4 CSR 250-8.170 (1)

Smith failed to respond to correspondence sent to her by MREC staff.

Tiede, Yvonne Taylor

Ft. Leonard Wood, MO

By order of the MREC, Tiede's broker license was revoked effective March 3, 2001.

Violations: 339.100.2 (14), RSMo and 4 CSR 250-8.170 (1)

Tiede failed to respond within thirty days to correspondence sent to her by MREC staff.

Webb, Elmer
St. Louis, MO

By MREC order, Webb's license was placed on probation for one year from August 26, 2000 to August 26, 2001.

Violations: 339.100.2 (14), RSMo and 4 CSR 250-8.170 (1)

Webb failed to respond in writing within 30 days to four written requests or inquiries mailed to him by the MREC.

White, John Jr.
Lee's Summit, MO

By Joint Stipulation with the MREC, Mr. White's license was placed on probation for one year from April 21, 2000 to April 21, 2001.

Violations: 339.100.2 (6), (14) and (18), RSMo

White did not disclose his dual agency relationship in writing. White received a mortgage on a home to secure the down payment and closing costs from the buyer. Upon payment of the down payment and closing costs, White failed to release the mortgage against the home.

Wilbur, Douglas R.
Hollister, MO

By disciplinary order of the MREC entered on June 9, 2000, Mr. Wilbur's broker license was revoked effective June 19, 2000.

Violations: 339.100.2 (10), (15) and (17), RSMo.

On September 23, 1971, Mr. Wilbur pled guilty in DuPage County Circuit Court to four counts of unlawful sales of a narcotic drug and one count of unlawful possession of a narcotic drug. On August 24, 1985, Wilbur pled guilty in Greene County Circuit Court to driving while intoxicated. On March 19, 1986, Wilbur pled guilty in Lawrence County Circuit Court to vehicular injury. On December 10, 1991, Wilbur was found guilty in Stone County Circuit Court of third degree assault.

On or about April 1, 1992, Wilbur submitted an application to the MREC for a real estate salesperson license. In response to the question,

"Have you ever pleaded guilty to, been convicted, or found guilty of any criminal offense other than traffic violations," Wilbur answered "No". On or about January 8, 1994, Wilbur submitted an application for a broker-salesperson license, and on or about March 22, 1996, he submitted an application to change his status to broker. On both applications he answered "No" to the question pertaining to criminal offenses.

Wills, Robert M.
Springfield, MO

By Settlement Agreement with the MREC, Wills' license was placed on probation for six months, from July 25, 2000 to January 25, 2001.

Violations: 339.100.2 (14) and (22), RSMo 1994

Wills was the designated broker of The Riebold Company. An audit conducted on the company revealed the following violations: 1) Wills failed to properly and adequately supervise the real estate activities of The Riebold Company and of the brokers and salespersons associated with the company from at least October 6, 1998 to at least December 25, 1998; and 2) Wills also failed to maintain regular business hours to enable him to properly and adequately supervise real estate activities.

Woodfield, Jimmie C.
Harrison, AR

By Settlement Agreement with the MREC, Ms. Woodfield's broker license was placed on probation, with special conditions, for one year from June 23, 2000 to June 23, 2001.

Violations: 339.100.2 (2), (14), (15) and (18), RSMo 1994

Ms. Woodfield, as supervising broker, was responsible for the actions of salespeople associated with her. A salesperson associated with Ms. Woodfield failed to disclose her role as a dual agent in a real estate transaction. Prior to this transaction being completed, the salesperson executed a listing agreement with the buyer to market the property. The salesperson failed to disclose in this listing agreement that the entity signing as seller did not yet own the property.

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